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April 3, 2009

Ms. Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

VIA EMAIL: regcomments@ncua.gov

RE: Comments on Advanced Notice of Proposed Rulemaking for Part 704

Dear Ms. Rupp:

The Minnesota Credit Union Network (Network), representing approximately 145 member credit unions in the State of Minnesota, respectfully offers the following comments to the National Credit Union Administration's (NCUA) proposed rulemaking for Part 704.

The Network appreciates the opportunity to comment on the NCUA's proposal and applauds the time and effort already put forth by the NCUA in suggesting reform of the current corporate credit union structure. In light of the current financial environment and, in particular, the condition of some of our nation's corporate credit unions, the Network strongly supports the review, assessment and restructuring of corporate credit unions.

The essential functions of a corporate credit union are to provide settlement services and payment processing for member natural person credit unions. These services are invaluable for our credit unions and they wish to receive these services from corporate credit unions rather than looking to other entities such as correspondent and Federal Reserve banks. The Network supports the continuation of these services to credit unions.

In order to serve natural person credit unions effectively, safely and efficiently, the Network believes that a two-tier structure is not essential for the operation of our corporate credit unions. There is a valid argument that a wholesale corporate credit union is unnecessary and that corporate credit unions can meet the needs of their members without a wholesale corporate credit union.

The current permissible field of membership (FOM) for corporate credit unions may improve if modified. One option is to establish regional FOMs whereby a natural person credit union within a specific geographic region must have capital in the corresponding corporate credit union to obtain services. If regional FOMs are established measures must then be taken to ensure that the needs of each natural person credit union are met and

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additional services made available in the event a regional corporate credit union does not offer a particular service or product. Therefore, once a natural person credit union is a member of their regional corporate credit union and they maintain the requisite membership capital, they should be permitted to utilize services provided at other corporate credit unions. The Network suggests this approach as yet another solution for consideration in addition to the approaches already proposed such as maintaining national FOMs and strictly defined regional FOMs without the opportunity to use the services of other corporate credit unions.

The exact composition of a board, the Network feels, should be determined by each individual corporate credit union while establishing appropriate minimum requirements. Minimum standards for members of the board may help ensure that the board has the most qualified members resulting in a more effective board. Outside directors, meaning directors that are not affiliated with a corporate credit union's member natural person credit unions, may provide a great benefit to a corporate credit union board. Therefore, the Network supports the option of allowing, but not requiring, outside directors to serve on a corporate credit union's board of directors. The Network, while reinforcing the necessity of maintaining high standards for corporate credit union boards, wants to support the self determination of corporate credit unions and thus defers to them for the ultimate decision as to their composition.

Finally, the Network has heard from a number of its member credit unions and they are uniformly concerned about the cost of the National Credit Union Share Insurance Fund's (NCUSIF) assistance to corporate credit unions. While our members wish to support the corporate credit unions and will cooperate to make them successful, they must think of the financial condition of their own institutions. One option proposed by some of our credit unions is to allow the cost of the assistance to be spread out over a number of years much like the Federal Deposit Insurance Corporation has done for banks. Although the Network does not have a clear solution to the cost issue, it is certain that NCUA should consider alternative, safe and effective methods for replenishing the NCUSIF while mitigating the impact to natural person credit unions.

Thank you for your consideration of the Network's comments.

Sincerely,

Simone Suri
General Counsel